SENIO

- Railroad companies are an interesting play because of higher oil prices. A train will get 750 gross ton miles per gallon. Trucks get 120. Your car 25.

- Real Estate Investment Trusts (REIT's) have been badly beaten up along with anything else sitting on a piece of property. They, however, are usually involved in commercial real estate, which is not running in tandem with private housing. It may be time to take a look. Also, they pay ***juicy*** dividends.

- There are more and more Exchange Traded Funds (ETF's) coming onto the market. They are a great way to play an entire sector. Just be careful and look inside at their holdings. Some are highly concentrated in just a few stocks within the sector.

- Fifty percent (50%) of a stocks' movement is attributed to the sector it belongs to.

When checking out beaten down stocks, there is a quick way to figure out if they are a good buy. Take a look at what the analysts are estimating for earnings. Then look at what a normal price/earnings ratio would be for that stock's sector. For extra safety discount earnings by 25% and take the lowest P/E ratio for the sector. That will determine what a reasonable price expectation should be.

EXAMPLE: Company A is an insurance carrier whose earnings estimate is $4.94. The insurance sector usually carries a P/E of between 12 and17.

$4.94 minus 25%	= $3.70
P/E of 12	= x 12
Expected share price	=$44.40

The stock is currently trading for $20. This stock is worthy of further investigation!!!

If you would like further information on these investment ideas, feel free to contact my office, or come in for a complimentary review.

What Should You Do with the Company Stock in Your Retirement Plan?

Do you own company stock in your former employer's retirement plan that the company paid for (as in a matching plan)? If so, you are faced with a choice when it's time to move the stock: either roll the stock into your IRA, or take it out and pay income tax on the amount your company originally paid for the shares.

By rolling the stock into your IRA, you will defer paying the tax. When you die, your spouse could roll the account into his or her IRA, thereby possibly deferring the tax even longer. Furthermore, after he or she dies, the beneficiaries may be able to take advantage of additional tax deferral. Note that the money anyone withdraws from an IRA is taxed at ordinary income-tax rates, not the more-favorable capital-gains rates.

On the other hand, if you take the stock out of the company plan, you'll face ordinary income tax on the shares' basis. Yet the amount of gain over the basis on the date you withdraw the shares will be taxed at the long-term capital-gains rate when you sell the stock. With the prospects of long term capital rates rising in the future, this may be a good time to take advantage of that fact.

If you keep the shares for a least one year after you remove them from the plan, any additional growth will also benefit from the lower rate. But there is a hitch. Company stock removed from a retirement plan does not qualify for the favorable step-up in basis tax treatment. Therefore, your beneficiaries will receive the shares based on your employer's original cost rather than at the value on your date of death.

Which is the best method? It depends on many factors, including your tax bracket, stock cost-basis, portfolio balance, and financial needs. So it's a good idea to look carefully at both options.

Together, we can review the numbers so you can decide which way is best for you. Check off and send the enclosed coupon for more information.

Valuable Free Newsletter Information

Please send me information on these items mentioned in your newsletter:

- ❑ Investment Opportunities.
- ❑ Company stock in your 401k

I would like to order a copy of these booklets (enclose $1 for each)

- ❑ Avoid Mistakes in Buying Long-Term Care Insurance
- ❑ Annuity Owner Opportunities: Tips and Ideas That Could Save Thousands
- ❑ Understanding Mutual Funds
- ❑ Six Strategies to Help Retirees Reduce Taxes and Preserve Their Assets
- ❑ Helping You Avoid IRA Distribution Mistakes (And Reduce Your Taxes)
- ❑ CD Shoppers' Guide
- ❑ Creating a Retirement Income You Cannot Outlive
- ❑ Keep the IRS out of Your IRA
- ❑ Leaving a Legacy
- ❑ Protect your Investments (a guide to investing without losing a penny)
- ❑ Law Points for Senior Citizens (78 page guide)

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